

ARTICLE APPEARED
ON PAGE **LPI**LOS ANGELES TIMES
17 December 1986

CASEY: North Disclosed Aid for Contras

**North in Early October
Told Casey of Contra Aid**

**By DOYLE McMANUS
and KAREN TUMULTY,
Times Staff Writers**

WASHINGTON—The CIA's deputy director has told the House Intelligence Committee that Lt. Col. Oliver L. North revealed a link between U.S. arms sales to Iran and aid to Nicaraguan rebels at a meeting with CIA Director William J. Casey in early October, congressional sources said Tuesday.

Casey has said that he did not learn of the connection until late November. But the reported account of CIA Deputy Director Robert Gates suggested that Casey may have had evidence of the Iranian-contras link more than six weeks earlier, well before Atty. Gen. Edwin Meese III discovered it and told Administration officials and the public.

The Senate and House Intelligence committees want to question the CIA chief about that meeting and other possible discrepancies in CIA testimony, sources say. An account of the meeting first was reported this week in the Wall Street Journal.

But Casey was still in Georgetown University Hospital undergoing diagnostic tests after suffering two cerebral seizures Monday. Hospital spokesman Nancy Sanger said that Casey, 73, "remains in stable condition."

Congressional investigators have focused particular attention on identifying who was involved in and aware of the controversial funds diversion because it occurred when a congressional ban on military aid to the Nicaraguan rebels was in effect. The Administration has said that only North, the National Security Council aide fired for arranging the diversion, Robert C. McFarlane and John M. Poindexter, former national security advisers, knew of it.

Date Put at Oct. 8 or 9

Gates told the House panel in secret testimony last week that North mentioned a link between the Iran arms sales and the Nicaraguan contras during a lunch with Casey and other CIA officials on Oct. 8 or 9, the congressional sources said.

"He referred to the diversion of funds to the contras," one source said.

Another source warned, however, that North's remarks about the link between his Iranian arms sales and the private network raising funds for the contras may not have been that clear.

In either case, however, the account suggested that Casey had access to more evidence about the diversion of profits than he has publicly acknowledged.

A CIA spokesman refused to comment on the congressional account of Gates' testimony.

Casey told the House and Senate intelligence committees last week that he first heard of the possibility that money from the arms sales had been diverted when he received a call from a New York businessman on Oct. 7. The businessman, oil entrepreneur Roy M. Furmark, said he telephoned Casey on behalf of a Canadian investment group that had financed the arms sales but had not received their proceeds.

Nevertheless, Casey insisted that he did not know Iranian profits had been skimmed for the contras until Meese discovered the diversion and announced it on Nov. 25.

"I first learned about this when Meese told everybody," Casey told reporters last week.

Congressional sources said Gates' testimony appeared to put Casey's lunch with North only a day or two after Furmark told the CIA chief about the diversion of funds.

It could not be learned whether Casey had asked North to lunch to question him about Furmark's allegations.

Casey testified before congressional committees four times last week, but both Democrats and Republicans said they still had questions about his role.

"There were many discrepancies" between Casey's testimony and that of other witnesses, one congressional source with access to the testimony said.

"I don't think anyone has challenged Casey on this yet," he said.

Both Casey and Gates testified under oath, a House Intelligence Committee aide said.

Casey suffered a seizure and muscle spasms Monday morning at CIA headquarters in suburban Langley, Va., and suffered a second seizure after an ambulance took him to the hospital. Doctors termed the seizures minor and said they were not comparable to a stroke.

Asked whether Casey was working on CIA business while in the hospital, a CIA spokesman said: "I certainly hope not. He needs the rest."

In Casey's absence, she said, the intelligence agency is being run by Gates.